

Message Text

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PAGE 01 MAPUTO 00222 071436Z
ACTION EB-08

INFO OCT-01 AF-08 EUR-12 ISO-00 SP-02 USIA-15 AID-05
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02
PA-02 PRS-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00
XMB-04 OPIC-06 LAB-04 SIL-01 ABF-01 FSE-00 (ISO) W
-----072008Z 060763 /53

R 070910Z MAR 77
FM AMEMBASSY MAPUTO
TO SECSTATE WASHDC 5547
INFO AMEMBASSY MBABANE
AMEMBASSY LILONGWE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUSAKA
AMEMBASSY PRETORIA
AMCONSUL CAPE TOWN

UNCLAS MAPUTO 0222

CAPE TOWN FOR EMBASSY

E.O. 11652: N/A
TAGS: EFIN, PINT, MZ, PO
SUBJECT: GPRM DECIDES AGAINST DEVALUATION: BASES ESCUDO
VALUE ON US DOLLAR

REF: MAPUTO 212 AND 215

1. GPRM HAS ANNOUNCED THAT IT HAS DECIDED NOT TO DEVALUE
THE MOZAMBICAN ESCUDO, AND HAS DECIDED TO USE AS THE
BASIS DETERMINATE OF ESCUDO VALUE THE RATE OF EXCHANGE
AGAINST THE US DOLLAR AS OF FEBRUARY 26. (BUYING RATE FEB 26
WAS 32.916 ESCUDOS EQUALS ONE DOLLAR. SELLING RATE WAS
33.561 ESCUDOS TO ONE DOLLAR).

2. IN PRESS STATEMENT, MOZAMBIQUE CENTRAL BANK GOVERNOR
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ALBERTO CASSIMO SAID THE DECISION NOT TO DEVALUE WAS
TAKEN BECAUSE IT WOULD MAKE IMPORTS OF CONSUMABLES AND
MATERIAL TO BE USED IN PRIORITY DEVELOPMENT PROJECTS TOO DEAR.
CASSIMO STATED NO LINK HAD EXISTED BETWEEN THE PORTUGUESE AND
THE MOZAMBICAN ESCUDO, BUT MOZAMBIQUE HAD KEPT ITS ESCUDO AT
PAR WITH THE PORTUGUESE ESCUDO FOR CONVENIENCE. HOWEVER, HE
STATED, PORTUGAL DEVALUED FOR ITS OWN REASONS, AND SINCE THE

ECONOMIES, PROBLEMS, AND DEVELOPMENT PROCESSES OF THE TWO COUNTRIES ARE DIFFERENT, THE MONETARY POLICY OF ONE COUNTRY IS NOT NECESSARILY THAT THAT WHICH SHOULD BE FOLLOWED BY THE OTHER. "THIS IS AN ACT OF SOVEREIGNTY OF THE STATE OF MOZAMBIQUE AND ONE ASPECT OF AFFIRMING OUR ECONOMIC INDEPENDENCE", CASSIMO ADDE.

3. BANK OF MOZAMBIQUE WILL NOW DETERMINE DAILY THE ESCUDO EX-CHANGE RATES ON THE BASIS OF THE INTERNATIONAL EXCHANGE RATES OF A CERTAIN NUMBER OF CURRENCIES OF COUNTRIES WITH WHICH MOZAMBIQUE HAS COMMERCIAL RELATIONS.

4. COMMENTS TO FOLLOW SEPTEL.
DE PREE

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NNN

Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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